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Helvetia Patria Architects A Drastically New E-Look

With Hewlett-Packard's SOA offering, the Swiss insurer has shed the silo approach, reshaped online operations and enjoyed skyrocketing ROI in its e-business.

By Daniel Joelson

July 1, 2006 - In 2000, the Helvetia Patria Group found itself bogged down by a web of 15 different platforms, which presented a slew of major business challenges. The firm, established by the merger of two firms (the non-life insurer Helvetia with Patria Life Insurance), was operating in six different countries in four languages and depended heavily on paper processes. In addition, it was using a business-centric rather than a customer-centric approach.

Based in St. Gallen in northeastern Switzerland near Austria, Helvetia Patria was struggling to optimize sales and distribution. Its tools and processes lacked standards and were highly fragmented and complicated for salespeople, among others, who had to switch between different applications and systems, and juggle the phone, fax and "snail mail."

"People lost a lot of time just in managing the different systems they had," says Didier Beck, head of Helvetia Patria's e-business center. "So we wanted to bring very easy-to-use and easy-to-understand processes to the [salespeople] so they could invest more time in building up their relationships with customers."

Along with a more customer-centric attitude, the insurance firm, which offers life, property/casualty insurance, reinsurance and pension plans, hoped to embrace a multi-channel approach. "It wasn't possible to address the different distribution channels," says Beck. "At that time, we typically had one application for brokers, one application for tied agents, one application for cooperation with the bank and so on. So that was quite crazy because there was a big entry barrier concerning the test of a new distribution channel."

Flat-footed Helvetia Patria had to first invest in a new IT system for a new distribution channel. Its headache only worsened

when, as its web of systems grew, it had to adapt the systems to accommodate new products. This process is debilitating for insurance firms such as Helvetia Patria that want to experiment in finding the most effective distribution channels through which to sell its products.

Saddled by an array of IT environments, Helvetia Patria faced other significant challenges. Chief among them were security concerns, says Nick Stefania, deputy head of the e-business center for Helvetia Patria.

"In the past, the back-office systems were like closed systems that were used only in-house," he says. "And in-house, the systems are open so it is easy to access a lot of information regarding the customer, the policies and the claims. And when the e-business systems were opened for the outside brokers and partners over the Internet, we had to make sure data security and data protection was ensured."

Furthermore, Helvetia Patria, which works with brokers, as well as distribution partners such as banks, selling both life and non-life insurance products, found its solutions insufficiently robust and scaleable. "If management of Helvetia Patria decides to collaborate with a new partner, we have to make sure the infrastructure and the solution is ready to deal with the additional users," explains Stefania. Today Helvetia Patria has 12,000 external users-including brokers and banks-on the platform, as well as 4,700 employees.

FINDING A SOLUTION

Previously enslaved by silos, the insurance firm decided to call upon products, services and a range of consultants from Hewlett-Packard Co. (HP)-including solution architects, software engineers and insurance experts-to help it develop a fully centralized e-business platform. In the process, the insurer consolidated its myriad services and platforms and designed front-end Web services, technical infrastructure, processes and governance components.

Helvetia Patria opted for a service-oriented, standards-based open architecture (SOA) solution from the Palo Alto, Calif.-based provider after evaluating 30 companies on their ability to implement a central platform and to build different applications on the platform in the numerous countries in which the insurer operates: Switzerland, Germany, Spain, Italy, France, and Austria.

Helvetia Patria opted for HP largely because of its step-by-step approach, explains Beck. HP provided clear milestones and deadlines and broke down costs and the timeline into six-month segments. Other vendors provided a more "big-bang" approach that required a lump-sum payment at the project's start and brought less clear goals and targets to the table.

The insurer also liked HP because its price was highly competitive and it was able to provide a comprehensive solution. As a result, Helvetia Patria didn't have to contract with additional firms (though HP calls upon numerous partners, including Oracle and BEA), says Beck.

Helvetia Patria was also attracted not only to HP's knowledge of technology, but also of insurance. "They could bring in project people who really understand the different challenges of the

insurance industry-people who have real technological experience in the field on the J2EE platform, for example," says Beck.

HP was well-positioned to help a firm like Helvetia Patria consolidate, in part because of lessons learned from the licks it took in its colossal merger with Compaq, according to Terri Schoenrock, HP's program director for application services, consulting and integration. Furthermore, HP has insurance talent harking back to the days of the Digital Equipment Corp., since many staffers from that company who focused on insurance then moved on to Compaq and later to what is today HP.

HP also had already rolled out a proven and secure platform to Switzerland's financial services sector, with seven local banks using it. "The subsidiary of HP in Switzerland had knowledge of how to build a banking online solution, so the e-banking solution used by some of the major Swiss banks, both in private and retail banking, was built in Switzerland," explains Stefania. As a result, the competence-for a J2EE solution-was quite good in Switzerland, he notes.

HP adapted its Nimius platform, recommended by two of Helvetia Patria's banking partners, for Helvetia Patria and the insurance industry.

AGILITY AND SPEED

Since adopting SOA, Helvetia Patria has seen very strong results, according to a recent study by Thoughtware Worldwide LLC, a San Francisco-based research and analysis firm. Chief among the findings: Helvetia Patria's e-business experienced a 201% return on investment and an average 30% annual growth in its six years of implementation of the e-center platform.

SOA helped Helvetia Patria reduce operational costs in its e-business operations by deactivating existing systems and consolidating. Its e-business center's increased efficiency reduced operational costs for Helvetia by 59% for the period 2003 through 2005, and pumped up premiums (its volume of annual premiums soared 133% in 2004 alone).

The SOA solution also boosted Helvetia Patria's flexibility and agility. Now, the firm can easily test a new distribution channel, and if it is not up to snuff it can simply shut it down at low cost and test another channel, explains Beck. New applications can easily fit into the insurer's distribution channels.

HP focuses on business agility by assessing customers on three metrics: time, range and ease, according to Schoenrock. Time refers to the amount of time it takes for a company to make a change (such as a merger or acquisition). Range is the amount of change an organization can undertake. And ease is the amount of difficulty or pain that the organization will go through as it experiences that change.

From these, HP creates an "agility index," measuring the ability of financial services firms to execute in areas such as capturing customer information and integrating channels.

As a measure of its newfound agility, Helvetia Patria is getting new products to market quickly-in general more than two to

four times faster than in the past. The firm also has experienced a high level of reuse of components in the platform; new solutions can be built onto the base of existing services, so no additional components need to be built.

Furthermore, Helvetia Patria can now focus more on its core competencies and work through new distribution channels, particularly banks, to sell non-life and life products. For instance, it has partnered with banks to sell mortgage products. In the past, this was a far taller order. Security and data-protection issues scuttled many partnering opportunities.

SMALL CARRIER READIES FOR GROWTH

Helvetia Patria is Switzerland's fifth largest insurance firm and outside its home market, it has a bit role: It ranks approximately No. 40 in both Germany and Spain, its other top markets.

Yet, the carrier has major ambitions for growth-and hopes that its service-oriented architecture (SOA) adoption can help lead its charge, particularly in Germany, Spain and Italy. "The plan is to acquire one to two new companies in the coming strategic period in one of these three countries," says Didier Beck, head of Helvetia Patria's e-business center.

The SOA adoption will be crucial for Helvetia Patria's future expansion, in part, because if it acquires a new company it will have to consolidate legacy systems. As Europe continues to integrate and borders recede, insurance firms such as Helvetia are looking for ways to present a single consistent look across the region. Indeed, this uniformity may be mandated over time.

"At the moment, we at least achieved physically having one platform, so we reused the same infrastructure, and we have reused the same services and the same insurance model," says Nick Stefania, deputy head of the e-business center for Helvetia Patria. "I can imagine that in the coming years there will be regulation of the European countries because today every country in the insurance area has its own legislation and its own regulations," he says.

Hewlett Packard Co. (HP), the Palo Alto, Calif.-based company that provided Helvetia Patria's new platform, believes that due to the hefty pace of consolidation ahead in regions such as Europe, SOA adoption will skyrocket.

In fact, HP predicts that beginning in 2007, SOA adoption will double annually over the next four years, with growth chiefly occurring in the financial services and manufacturing sectors, says Terri Schoenrock, HP's program director for application services, consulting and integration. She credits that, in part, to SOA's ability to increase agility, reduce costs and add new channels, but also to regulation and M&As.

"Even if you consolidate down to one platform, tomorrow you will merge and you will have two platforms," says Schoenrock. "You will always be in a heterogeneous world."

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